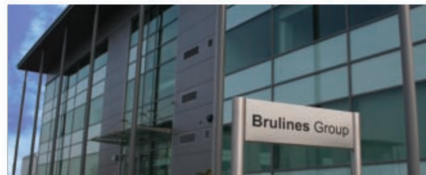
Brulines Group plc

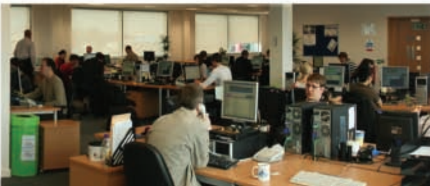
(formerly Brulines (Holdings) plc)

Consolidated Annual Report & Accounts
Year ended 31 March 2009



The market leading provider of real time monitoring systems and data management services for the UK leisure sector

brulines



HIGHLIGHTS

- Revenue increased 11.7% to £19.07 million (2008: £17.06 million)
- Recurring income streams now at 79% of turnover
- Operating profit pre-exceptional items increased 26.5% to £5.05 million (2008: £3.99 million)
- Profit before tax increased 11.0% to £4.62 million (2008: £4.16 million)
- Gross margins improved to 58% (2008: 53%)
- Earnings per share increased by 14.8% to 13.59 pence (2008: 11.84 pence)
- Final dividend of 3.80 pence per share giving a full year total of 5.35 pence per share (2008: 5.0 pence per share)
- Acquisitions successfully integrated
- Installation base increased 7% to c. 23,000

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COMPANY INFORMATION

Directors	S W Darling (Commercial Director) J W Dickson (Chief Executive Officer) M H Foster (Finance Director) S C Gilliland (Non-Executive Director) J H Newman (Non-Executive Chairman) D J Noble (Operations Director)
Secretary	M H Foster
Registered office	One Surtees Way Surtees Business Park Stockton-on-Tees TS18 3HR
Registered number	5345684
Auditors	Grant Thornton UK LLP No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN
Bankers	Bank of Scotland 41/51 Grey Street Newcastle NE1 6EE
Nominated Adviser	Cenkos Securities plc 6, 7, 8 Tokenhouse Yard London EC2R 7AS
Stockbroker	Cenkos Securities plc 6, 7, 8 Tokenhouse Yard London EC2R 7AS
Solicitors	Gordons LLP Riverside West Whitehall Road Leeds LS1 4AW
Registrars	Capita IRG The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

CHAIRMAN'S STATEMENT

The last year has been another progressive year of financial growth and positive development activity. The Group has again increased its profits substantially in the year, integrated and developed last year's acquisitions and made further acquisitions in line with the Group's strategy of diversifying its market sectors, utilising its core strengths and competencies.

Results

Turnover for the year at £19.07 million was 11.7% ahead of the £17.06 million achieved in 2007/2008, largely due to revenues generated by the two acquisitions, Edensure and Vianet and the benefit of having Nucleus Data for a full year.

The turnover growth in the core Dispense Monitoring business slowed due to the economic climate, as several of our largest customers had varying degrees of delay impacting new capital projects.

However, including the new acquisitions, the Group is now in the enviable position of having a substantial level of its turnover derived from contractual services. This rose significantly in the year to 79%, which gives the Group even greater transparency in its forward revenue expectations. As a result, gross margins also increased in the year to over 58% from 53% last year.

Administrative overheads continue to be well controlled but were impacted this year by some bad debts, additional costs relating to the new acquisitions, investment in recruitment of senior management and some under utilisation of staff due to the slowing down of the installation rate in the core business.

Despite absorbing losses in the newly acquired companies, Group operating profit before amortisation of goodwill, share option and exceptional costs increased by 15.83% to £5.03 million (2008: £4.34 million). IFRS Group profit before tax at £4.62 million (2008: £4.16 million) was ahead of last year.

Basic earnings per share at 13.59 pence (2008: 11.84 pence) is 14.8% up on last year even after taking into account the new shares issued in the Placing in December 2008.

Dividend

The Board paid an interim dividend of 1.55 pence per share (2008: 1.45 pence) in January 2009 and, in line with the Board's progressive dividend policy, is recommending a final dividend of 3.80 pence (2008: 3.55 pence) per share in respect of the year ended 31 March 2009. This gives a total dividend for the year of 5.35 pence (2008: 5.00 pence) per share. Subject to the approval of shareholders at the Group's Annual General Meeting on 09 July 2009, the final dividend will be paid on 24 July 2009 to shareholders on the register on 19 June 2009.

Acquisitions

During the year the Group continued its strategy of making selective acquisitions utilising the skills and technologies within the Group, so as to enter new markets where there is an opportunity to establish market leading products and services.

In October 2008, the Group announced that it had purchased the entire share capital of Edensure Limited ('Edensure'), a company which provides intelligent forecourt solutions for the petrol forecourt market.

The Board believes that this acquisition is a good strategic fit and the Group's data management capabilities will provide Edensure with the platform to grow in this adjacent market.

In December 2008, the Group announced that it had purchased the entire share capital of Vianet Limited ('Vianet') from the Administrators of Vianet plc. Vianet provides market leading telemetry and data capture solutions to the vending industry and M2M telemetry solutions in a growing market sector.

The Board believes that the acquisition of Vianet will provide the Group with the strategic entry into the vending market it has been seeking for some time whilst creating technical and operational synergies with its recently acquired subsidiary, Coin Metrics.

To date both acquisitions have traded better than expected but both were loss making in the post acquisition trading period to 31 March 2009. However, both companies are expected to contribute to Group profits in the next financial year.

Placing

In December 2008, the Board announced that it had conditionally placed 3,786,641 shares at 125 pence each with various institutional investors to raise £4.73 million before expenses (the 'Placing'). The Placing was approved by shareholders at a General Meeting of the Company held on 29 December 2008 and commenced trading on AIM the following day.

The Placing will enable the Group to continue to take advantage of further complementary acquisitions and commercial opportunities as and when they arise. It also strengthens the Group's balance sheet in an uncertain economic climate.

Change of name

At the Annual General Meeting in July 2008, the Company changed its name to Brulines Group plc.

Board and senior management

I am pleased to welcome to the Board, Stewart Darling, who was appointed Commercial Director in November last year. He strengthens the excellent management team in an expanding organisation.

I would also like to thank all of my Board colleagues for their continued efforts on behalf of the Group in difficult economic conditions.

Outlook

The Group's strategic intent is to profitably extend its data handling penetration and footprint in the leisure, vending and petrol forecourt sectors, where we believe there are considerable synergies given the Group's technical and operational expertise in data management and monitoring systems.

Following the Placing, the Group is well placed to continue its organic growth in its core sectors and further penetrate its new markets by building, via selective acquisitions, market leading positions using its core capabilities as well as creating value through financial synergies.

Consequently, despite the demanding market conditions created by the current economic climate, the Board is confident that the Group will continue to grow organically in all its markets and further develop its growth by acquisition strategy during the next financial year.

James H Newman
Chairman
09 June 2009

CHIEF EXECUTIVE OFFICER'S STATEMENT

Group profit

Trading in H2 2009 financial year has been robust despite a slow down in new installations and the Group results for the year to 31 March 2009 are in line with management and market expectations.

The Group revenue at £19.07 million was 11.7% ahead of last year whilst, on a comparable year-on-year basis, the core business turnover including Nucleus for the year increased modestly by 3.8% to £16.68 million (2008: £16.07 million) as a consequence of installations being delayed due to the tightening of capital availability for our customers.

The revenue mix continued to improve, moving towards recurring revenue as income from support service contracts was generated from the increasing installation base. Recurring revenue currently accounts for over 70% of Group revenue and management expects this to continue to rise for the foreseeable future.

Gross margin has risen from 53% for 2007/2008 to 58% for 2008/2009 as a result of the increased recurring revenue, operational improvements and demand for higher margin bespoke reporting services. On a consolidated basis we anticipate that gross margins are sustainable at around 55%.

After absorbing costs associated with the integration and support of Coin Metrics, Edensure, and Vianet, the Group profit before taxation for 2008/2009 at £5.03 million is £0.68 million greater than the same period last year, delivering a 14.7% increase in earnings per share to 13.59 pence.

LEISURE MARKET

The Group's core market is the leisure market where our primary offerings are data capture and services for draught beer and gaming machines.

Dispense monitoring customers and contracts

New installations, system replacements and upgrades have progressed satisfactorily in the year with over 1,400 new installations and almost 500 existing system upgrade replacements taking our total installation base including Nucleus Data to c.23,000 sites, providing year-on-year growth in recurring revenue and increased margins associated with support services.

Pressure on consumer spend and the instability in financial markets have had an adverse impact on new orders and our installation pipeline as several customers delayed their investment programmes until there was increased clarity on capital availability. The Group has seen this as an opportunity by developing a rental model as an alternative to the standard capital purchase model which our customers have historically used. Management is confident of customer interest in this offer within both the managed and leased pub sectors.

Against a demanding commercial environment for our customers, we have made good progress with both national and regional operators, increasing our market share and broadening our customer base together with deeper penetration within existing customers' estates.

Brulines has been working with Trading Standards to establish what, if any, steps might be taken to improve our methodology, calibration or operating processes with a view to establishing some form of approval regardless of whether our services fall under the Weights and Measures Act.

Nucleus Data acquisition integrated

Following a successful outcome from the OFT investigation into the merger of the Nucleus acquisition, which was completed on 4 January 2008, the integration has gone to plan with the anticipated financial and commercial synergies being realised and the acquisition being earnings enhancing in the year to 31 March 2009.

The merged business has focused resources to accelerate technology development and improved sourcing whilst achieving increased efficiency. Customers are benefiting from the scale and reaction times of the Group's nationwide in-house field service engineering resources.

i - draught (formerly "BQM") development

Good progress has been made in the year as we have developed the proposition with existing customers and have expanded the customer base for commercial evaluation of i-draught to include an increasing number of national managed pub operations and regional brewers plus four bar chains in the USA. St Austell Brewery in Cornwall recently purchased and installed 40 systems in their tenanted estate.

Quality at the point of dispense becomes increasingly important due to pub owners and brewers competing for market share against a background of falling on-premises beer consumption.

The Group now has in excess of three hundred i-draught systems installed including over 100 in Punch Taverns where we have a five year support service contract.

The Group is confident that our i-draught extension of the core volume monitoring product will continue to gain traction and be recognised for its commercial contribution during the next two years.

Gaming machine monitoring

In 2006, the Group entered the gaming telemetry and data services market and has successfully integrated two acquisitions to create the leading data capture and machine management position in the leisure sector.

Machine Insite – leading position in gaming machine data management and consultancy

Machine Insite provides gaming machine data management and consultancy services to operators within the pub, club and leisure markets and is trading well having sustained profit levels year-on-year despite an additional £0.1 million of costs associated with a newly appointed Managing Director and exceptional write off associated with Cains going into administration.

New business has been gained with SA Brain, Spirit, Orchid, Trust Inns, and Charles Wells during the past year and we now provide data management for approximately 34,000 AWP machines in over 4,000 outlets across 30 groups and customers within the pub and leisure markets.

Coin Metrics – remote data capture for gaming and vending machines

In February 2009, at a cost of £33,686 the Group acquired a further 17% holding in Coin Metrics Limited ("CML") taking our interest to 83%.

The core CML product is Site Guardian, a wireless data product that allows owners of gaming centres or family entertainment centres in the gaming sector to constantly monitor the financial performance of their gaming sites and assets accurately and in real time.

CML real time data capture capability allows Machine Insite to provide advanced machine reporting and machine to machine services enabling the Group to accelerate the growth of the AWP data management business to market leadership. Key business gains have been MOTO Motorway services, Welcome Break and Odeon.

Coin Metrics is now trading at a monthly break even position and the Group anticipates a net contribution in 2009/2010 following a loss of £0.15 million in 2008/2009.

Chief Executive Officer's Statement (continued)

Market drivers

The Group recognises the uncertain economic conditions and tight capital and credit markets coupled with the associated difficult trading environment generally in the licensed on trade and for some of the Group's customers.

Whilst this environment is certainly challenging, the Group believes that reports on the demise of the pub sector, compounded by the early impact of legislation and the smoking ban in particular, are not as severe as is widely reported.

Although 4,000 pubs may close over the next few years, it is probable that under normal circumstances many of these pubs would have closed over the course of the next five years anyway, whilst other pubs continue to open at the top end.

The current commercial environment for our customers has resulted in challenges for the Group. However on balance this has so far had a neutral impact on Group performance as:

- There has been increased demand for the operational transparency that the Group's systems provide as pub operators focus on reducing shrinkage and maximising their operations.

- There have been delays in installations due to organisational and structural change as customers realign their businesses to meet the commercial challenges they face.

- The tightening of capital supply may result in higher demand for the rental model option, which the Group has been developing as an alternative to the capital purchase model currently being used.

- The increasing requirements on all leisure operators to improve the quality and efficiency of their offering will tend to increase demand for the Group's products despite any potential consumer slow down.

Business & Enterprise Committee (BEC) Report on the leased Pubco model

On 13 May 2009 the Business and Enterprise Committee (BEC) published a report claiming that the beer ties which contract tenants to buy beer from their landlords are anti competitive and had created a system which allows big companies to profit whilst individual landlords struggle. The BEC recommended that there be an urgent referral to the OFT and Competition Commission. The report also made critical reference to Brulines' role in helping pub companies enforce the tie.

The report is a recommendation by a committee of MPs, not a ruling, and therefore has no legal status. On its own admission the BEC report states that it had "neither the resources nor investigative powers to reach firm conclusions on every issue". Press reports suggest that the OFT has already rejected the report stating that there is no significant competition problem in relation to the beer and pub market.

The Government has two months to respond to the report, and may not follow the BEC recommendation for a market investigation. However, there is a chance that they may refer the report to the Competition Commission as a distraction to the current government woes. In the event that this is referred to the Competition Commission, the Group believes that in any case the chances of the "tie" being found anti-competitive are small.

We believe there are strong grounds for the Government to reject the Committee's recommendation for a market investigation by the Competition Commission as competition authorities have already looked at this market a number of times. In particular, the European Commission and the European Courts considered the UK pub tie in detail and concluded that it was not anti-competitive. And more recently, the Office of Fair Trading ("OFT") provided evidence to the 2004 Select Committee suggesting that there was no basis for further investigation of the tie.

Nonetheless, if the Government does decide to refer this matter to the competition authorities, we are confident that the outcome will reconfirm the competitive nature of the pub sector once and for all.

The Group was extremely disappointed by comments in the BEC Report made in relation to the Brulines business. It is particularly important to note that at no time during the enquiry did any member of the BEC enquiry seek clarification from Brulines on either the claims made, or examples quoted concerning the beer monitoring system or processes used.

Brulines produces over one million reports annually on the dispense and delivery volumes of c.23,000 public houses. The BEC enquiry appears to have relied upon one specific example (and some unstated others) and assumed that this is representative of 23,000 public houses. The Group believes this presents an imbalanced view and a gross misrepresentation of the facts.

STRATEGY FOR GROWTH

Our core beer dispense monitoring business on its own has the potential market to maintain satisfactory growth for several years. However, incremental contribution and margin growth will also be achieved from the wider leisure market with complementary products and technologies such as i-draught, gaming machines, soft drinks monitoring, fridge/freezer temperature reporting, wines and spirits monitoring, and market data provision. Our strong customer and recurring revenue base provides a solid foundation for significant growth as we commercialise development products, extend into new markets and make selective acquisitions.

The Group believes that our ability to provide a wider range of effective operational and market data will increase our value to existing customers. Our customers within the tenanted/leased and managed sectors continue to benefit from Brulines' services and the greater operational control that we offer is allowing entry to the hotels, clubs, and independent sectors.

We will continue to pursue organic development of our core business whilst leveraging our key competencies and broadening our offering through strategic acquisitions in remote data capture and data management for the leisure, vending and petrol forecourt sectors.

Whilst maintaining our investment in the core leisure market the Group has the opportunity to establish market leading data handling positions in the vending and petrol forecourt sectors where we have identified considerable technology, operational and commercial overlap.

Placing

With the Group well placed to sustain its organic path for growth within the leisure sector, the Directors believe that the Placing will enable the Group to take advantage of further complimentary acquisitions and commercial opportunities as and when they arise, as well as strengthening the Group's balance sheet considerably. Such acquisitions would enable the Group to extend its core capabilities into adjacent markets, where the Directors believe there exists an opportunity to establish market leading products and services, as well as consolidating in sectors in which the Group already operates. The Group's strategic intent is to profitably extend its data handling penetration and footprint in the leisure, vending and petrol forecourt sectors where there is considerable overlap, and to achieve market leading positions using its core capabilities and market leading products.

USA Opportunity

During the period, the Group commenced evaluation of its i-draught beer quality monitoring in the USA market with four national bar chains. The evaluation, which has run through H2 2008/2009 into H1 2009/2010, is based in the Denver area and consists of twelve sites where we are providing quality and till variance analysis.

In the event that the evaluation is successful, the intention would be to develop the business through national chains and third party installers.

Vianet - vending telemetry

On 11 December 2008 the Group completed the acquisition of the entire issued share capital of Vianet Limited ("Vianet") from the administrators of Vianet plc for an undisclosed fee.

Based in Dunfermline, Scotland, Vianet provides market leading telemetry and data capture solutions to the vending industry, as well as providing market leading M2M telemetry solutions in a growing market place. Vianet reported a loss of £1.44 million for the year ended 31 December 2007 on a turnover of

£1.06 million and at that date had gross assets of £0.98 million. In the three months to 31 March 2009 the losses were reduced to £0.12 million and the Group anticipates Vianet achieving break-even in the year to March 2010.

The acquisition is a compelling strategic fit with the Group for the following reasons:

- The Group has been pursuing an increased presence in the vending marketplace, especially since its acquisition of Coin Metrics, as it is a market that fits very well with the core competencies of the Group. This acquisition gives the Group a significant and immediate presence in this growing market place without the need to expend management time and resources developing a product offering.

- The Group can provide key data management expertise and resources in terms of sales, marketing and operations to help drive Vianet's market penetration.

- There are significant technical, communication, organisational and customer synergies.

Furthermore, there are significant synergies to be achieved in the enlarged business across a number of technical areas including devices, applications and connectivity.

The acquisition of Vianet is a natural extension of the Group's core capabilities into a growing adjacent remote data capture and management market where there is an opportunity to establish market leading products and services. Vianet immediately provides the Group with a pan-European customer opportunity which we will further consolidate as we work towards expanding the Group's existing activities into Europe as well. Since the date of acquisition several customers have accelerated their involvement with Vianet's vending telemetry, including Glaxo Smith Kline.

The Vianet M2M business has a customer base which is spread across many sectors and has widely varying needs. As the M2M business acquired in conjunction with the acquisition of Vianet is a very different business to our strategic growth areas the Group is in discussions with the M2M management team for its disposal.

This will provide increased focus and ensure that Vianet's resources are focused on growing a profitable international vending telemetry business.

Edensure fuel stock analysis

The acquisition of Edensure is a natural extension of the Group's core capabilities into an adjacent market where there is an opportunity to establish market leading products and services.

Edensure supplies key information to independent, multi branded owner and supermarket petrol forecourt operators in the UK. In the period since acquisition Edensure has grown share from 2% to 5% of the UK petrol forecourt data management service market. Edensure has the European licence for the leading fuel stock analysis software product, which is currently in demand from many national forecourt operators.

The Group's operational scale and data management expertise will provide a solid platform to grow the Edensure business. The acquisition of Edensure, whilst relatively small, will produce enhanced earnings next year and is an important strategic development in the Group's growth plans as it provides a commercial platform from which to accelerate our entry into the 9,000 site petrol forecourt market.

The Group has already identified potential acquisitions to increase Edensure's market penetration, and also spread the Edensure footprint on petrol forecourts, enabling the provision of a one stop shop for data services to forecourt operators.

In the five months to 31 March 2009, the Edensure losses amounted to £0.16 million however the recent gain of WM. Morrison supermarkets for fuel stock analysis has taken Edensure close to break-even.

Management and employees

During the year, the Group has continued to make good progress in both the recruitment of new talent and in ongoing personnel development, including the successful integration of the Nucleus, Edensure and Vianet operations, in order to strengthen the management team at all levels.

The appointment in September 2008 of Stewart Darling as Commercial Director, with primary responsibility for the Group's UK Leisure sector

sales, brings considerable commercial and industry experience to the Group's management team and is already providing significant benefits as we expand from our historic leased and managed sectors of the licensed on trade. Stewart's experience with British Coal, the Ministry of Defence and Scottish & Newcastle will provide the Group with the high calibre experience required as it develops its activities and commercial base.

We have a dedicated and ambitious management team, who are well supported by a strong workforce which is committed to the Group, our customers, and our values. Once again I thank everyone for their contribution during the last twelve months.

Outlook

The Group is performing well in a difficult environment. As the leisure market becomes increasingly focused on profitability and cash generation from core operations, our products are becoming more important to our customers than ever before. There is also a continued and growing demand for the operational control that our services provide. The Board continues to explore ways to grow the business including the evaluation of acquisition opportunities as they arise. Future growth prospects are encouraging and, in light of market expectations, the management team continues to view the future with confidence.

James Dickson
Chief Executive
09 June 2009

FINANCIAL REVIEW

Group trading result

I am pleased to report that the results of the Group have taken a further positive step forward. Revenue increased by 11.7% whilst operating profit (pre-exceptional costs) increased by £1.06 million (26.5%) as a result of the revenue mix now being at 79% recurring, improved cost control, a full year contribution from the Nucleus acquisition, and after absorbing post acquisition losses for Vianet Limited and Edensure of £0.27 million. Exceptional costs of £0.36 million relating to restructuring costs principally connected with the acquisitions, resulted in final Group operating profit growth of £0.69 million being 17.4%.

Subsidiary performance

In the year, Brulines Limited completed 1,428 new installations (including 46 i-draught systems) and 491 replacement upgrade systems. The economic circumstances highlighted in the Chief Executive Officer's statement have impacted the installation traction attained, but despite this we are pleased to report the results achieved. Revenue increased by £0.61 million (3.8%) and profit before taxation increased by £1.31 million (31.8%).

Our machine monitoring subsidiaries, Machine Insite Limited and Coin Metrics Limited, contributed £1.00 million in revenue and £52,000 in profit before taxation. Machine Insite sustained its profit position year-on-year whilst Coin Metrics moved to monthly break-even and profit in the last two months of 2008/2009. Both sets of results were impacted by the recruitment and investment in senior management, restructuring costs and a bad debt in one customer due to administration, all totalling £0.15 million. This was set against a difficult trading environment and delays resulting from implementation of the Gambling Act amendments. The recent restructuring and market opportunities available should result in an increased contribution to profits in 2009/2010.

Like-for-like results across these subsidiaries when compared to the year ended March 2008 in respect of revenue increased by £0.62 million (3.6%) and profit before taxation increased by £1.10 million (29.0%).

The acquisitions of Vianet and Edensure, operating in the vending telemetry and petrol forecourt market places, contributed £1.39 million in revenue and £0.28 million loss before taxation. These results are better than expected in the post acquisition period, resulting from contract wins by both companies and cost restructuring measures which are ongoing. It is expected that both will be earnings neutral on a monthly basis by March 2010.

Overall Group result

Overall Group results, pre-amortisation of intangible assets and option costs, were a profit of £5.03 million being some 15.8% ahead of March 2008, and in line with expectations. The table below shows the performance of the Group, pre and post exceptional costs, as follows;

	FY 2009 £'000's	FY 2008 £'000's
Revenue	19,067	17,063
Gross Profit	11,219	9,117
	(58%)	(53%)
EBIT	4,683	3,988
PBT post exceptional costs	4,624	4,165
PBT pre exceptional costs	4,987	4,165

Gross margin

Gross margin improved during the year to 58%, resulting from the improvement in recurring revenue mix to approximately 79% and the impact of lower than expected installations referred to above.

Had we achieved the installation traction referred to above, the underlying gross margin would have been nearer the expected 55% level.

Actual Group profit

The Group pre-tax profit post-exceptional costs increased by 11.0% to £4.62 million (2008: £4.16 million), reflecting the comments made above.

Taxation

The taxation charge of £1.18 million represented an effective tax rate of 25.6% on the reported profit before taxation of £4.62 million post Group relief and amounts in respect of prior periods.

Earnings per share

Basic earnings per share for the year ended 31 March 2009 amounted to 13.59 pence. This compares favourably to 11.84 pence last year and represents a 14.8% growth in basic earnings per share. Fully diluted earnings per share, which takes account of all outstanding share options, amounted to 13.12 pence which again compares favourably to 11.53 pence last year and represents a 13.8% growth in fully diluted earnings per share.

Balance sheet

The balance sheet has been significantly strengthened not only by the good trading performance achieved, but also by the acquisitions of Vianet Limited and Edensure Limited as well as the share placement in December 2008 raising £4.48 million net of costs. As a result, including the goodwill arising, the net asset position of the Group increased by £6.80 million to £20.06 million.

Operationally, the Group generated £4.37 million in cash which represents a 94.6% profit before taxation to cash conversion. The funds generated in the year were utilised to acquire the above companies and to service borrowings, dividends and taxation. The positive cash flows and net placing monies have meant that at the year end we have a net cash position of £4.26 million (2008: net debt position of £0.82 million).

It is anticipated, given the strength of the Group's balance sheet, cash balances and cash generating capacity, this strong base will continue to provide an advantageous position to seek growth opportunities both through complimentary acquisition and investment in subsidiary and core company organic growth.

Mark Foster
Finance Director
09 June 2009

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2009.

Principal activities

The company is the holding company of a group, the principal activities of which are those of design, product development, sale and rental of fluid monitoring and machine monitoring equipment, together with the provision of data management and related services, both to the licensed and machine leisure trade, as well as the vending and petrol forecourt trade. The company changed its name from Brulines (Holdings) plc to Brulines Group plc on 23 July 2008.

Review of business and future developments

The directors are pleased with the results for the year ended 31 March 2009, which show a profit before tax and exceptional items of £4.987m (2008: £4.165m).

The continued developments of recurring levels of income and cost control measures have helped us achieve the results declared. The acquisitions made into complimentary markets have helped us build on the platform the business seeks, to take advantage of the growth opportunities that exist and diversify the market opportunities we have. We are satisfied with the results and performance achieved in the year and look forward to building on this.

The Chairman's Statement, the Chief Executive Officer's Statement and the Financial Review provide further detail on the performance of the Group together with an indication of future prospects.

Business Risk

The directors have considered areas of potential risk to the business and are satisfied with the results and business projections given market conditions and current risk that the business is of sound financial footing and has a sustainable operating future. This is against a backdrop of the business having performed well in the year given the difficult trading conditions, known loss making acquisitions, impact of restructuring costs and overall market confidence in liquidity and credit.

Non financial risks are summarised in the Report of the Chief Executive Officer on page 6.

Key Performance Indicators

	Target	Actual 2009	Actual 2008
Percentage of revenue from recurring income streams[1]	49%	79%	65%
Gross Margin[2]	44%	58%	53%
Employee Turnover[3]	2%	2.08%	3.84%

We are pleased with the continuing growth in the recurring revenue streams which reflects the increased penetration of installed sites.

Notes to KPI's

All figures are based on the Brulines Limited trading company for comparative purposes.

[1] Percentage of revenue from recurring income streams = recurring income streams as a percentage of all income streams. Brulines Limited aims to increase shareholder value through growth in revenue, linked to profitability (see Gross Margin below). Source data is taken from management information. The company has exceeded its targets based on the nature of the company's long term contracts.

[2] Gross Margin = Gross profit as a percentage of turnover. Brulines Limited aims to generate sufficient profit for both distribution to shareholders and re-investment in the company, as measured by Gross Margin. Source data is taken from the audited financial statements.

[3] Employee Turnover = Brulines Limited aims to be seen as a good, attractive employer with positive values and career prospects.

Financial risk management

The Group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, credit risk, exchange rate movement and liquidity risk.

While the Group does have a debt exposure, the positive cash generation of the Group means we do not have material exposures in any of the areas identified above and consequently does not use derivative instruments to manage these exposures.

The Group's main financial instruments comprise principally of sterling cash and bank deposits, bank loans and overdrafts, other loans and obligations under operating leases together with trade debtors and trade creditors that arise directly from its operations. The Group's exposure to foreign exchange risk is minimal due to the low balances held which is disclosed in note 18.

The main risks arising from the Group's financial instruments can be analysed as follows:

Price risk

The Group has no significant exposure to securities price risk, as it holds no listed equity investments other than 750,983 (2008: 766,983 shares) of its own shares held in a Trustee Company for options satisfaction and treasury.

Credit risk

The Group's principal financial assets are bank balances, cash and trade debtors, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group's policy has been to ensure continuity of funding through arranging facilities for operations via medium-term loans and additional revolving credit facilities to aid short-term flexibility.

Cash flow interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at a rate of base rate or above. The interest rate on the bank loan is at market rate. The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the Group.

Dividends

The directors recommend the payment of a final dividend of 3.80p per share (2008: final 3.55p), taking the full year dividend to 5.35p.

Directors and their interests

The current directors of the company are shown below.

S W Darling was appointed as a director on 25 November 2008.

Those directors serving at the end of the period had interests in the share capital of the company at 31 March as follows:

	Ordinary shares of 10p each 2009	Ordinary shares of 10p each 2008
S Darling	–	–
J W Dickson	3,611,168	4,276,168
M H Foster	87,500	175,000
D J Noble	359,968	554,432
J H Newman	25,000	25,000
S C Gilliland	16,000	16,000

Share options

Details of share options held by the current directors and senior employees are as follows:

Name of director / senior employee	Date of grant	Number of options	Exercise price	Exercise date
D J Noble	31/03/06	80,000	50.0p	–
A Martinez	31/03/06	90,000	50.0p	–
G James	31/03/06	90,000	50.0p	–
M H Foster	31/03/06	150,000	67.2p	–
D J Noble	31/03/06	40,000	67.2p	–
D Glass	31/03/06	16,000	67.2p	13/11/2008
M Bristow	31/03/06	20,000	67.2p	–
J W Dickson	26/10/06	75,000	123.0p	–
M H Foster	26/10/06	65,000	123.0p	–
D J Noble	26/10/06	65,000	123.0p	–
G James	26/10/06	50,000	123.0p	–
A J Martinez	26/10/06	50,000	123.0p	–
R Colley	26/10/06	75,000	123.0p	–
J H Newman	26/10/06	36,000	123.0p	–
S C Gilliland	26/10/06	24,000	123.0p	–
S M Brown	26/10/06	50,000	123.0p	–
J Anspach	07/01/08	50,000	148.5p	–
C Consterdine	07/01/08	50,000	148.5p	–
R C Colley	16/07/08	25,000	151.5p	–
W K Knowles	11/08/08	50,000	151.5p	–

Donations

Charitable donations of £nil (2008: £nil) were made during the year. No political donations were made (2008: £nil).

Substantial Shareholdings

The company has been informed that on 22 May 2009 the following shareholders (excluding Directors) held substantial holdings of the issued ordinary shares of the company:

	Holding of Ordinary shares Number	Issued Share capital %
AXA Framlington	4,267,770	15.29
ISIS Equity Partners	2,693,524	9.65
Octopus Investments Limited	2,210,643	7.92
Legal and General Group plc	1,314,663	4.71
Artemis Fund Managers	1,124,860	4.03
M&G Investment Management	856,903	3.07
Henderson Global Investors	845,739	3.03
Barclays Wealth	837,365	3.00
Resolution Investment Services Limited	837,365	3.00

Going Concern

The Directors, after having made appropriate enquiries, including (but not limited to) a review of the Group's budget for 2009/2010, and cash generating capacity (under pinned by long term contracts in place and historic results), have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Environmental Policy

The Group's environmental policy is to engage in good environmental practices in its operations.

Payment of Creditors

The Group's policy is to settle invoices promptly according to terms and conditions as far as it is practicable. Trade creditors at the balance sheet date represented 40 days purchases (2008: 40 days). As the company is a holding company it has no trade creditors and accordingly no disclosure is made of the year end creditor days for the company.

Employees

The quality and commitment of our people have continued to play a major role in our business success. This has been demonstrated in many ways, including improvements in customer satisfaction, improved profitability, the development of customer offering and the flexibility they have shown in adapting to changing business requirements and new ways of working. Employees' performance is aligned to company goals through an annual performance review process that is carried out with all employees. Employee turnover was 2.08%, in line with the threshold we have set.

Research and Development

The Group has a continuing commitment to levels of research and cost of ensuring systems perform optimally which reflect the need to be at the forefront of technological advance to ensure future growth. During the year expenditure on research and development was £296,300 (2008: £268,000).

Annual General Meeting

The Annual General Meeting will be held on 9 July 2009 at 9:00am at the offices of Grant Thornton UK LLP, No.1 Whitehall Riverside, Leeds, LS1 4BN.

Post balance sheet events

There were no post balance sheet events to report.

Report of the Directors (continued)

Directors Indemnity

Qualifying Third Party Indemnity Provisions (as defined in section 309 B(1) of the Companies Act 1985) are in force for the benefit of the directors.

Statement of directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. The directors have elected to prepare the Group financial statements in accordance with IFRS as adopted by the EU and the parent company financial statements in accordance with UK accounting standards.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Disclosures of information to auditors

At the date of making this report each of the company's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

Grant Thornton UK LLP are willing to continue in office and a resolution to appoint them as auditors to the company will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 9 June 2009 and signed on its behalf by:

Mark H Foster
Director

CORPORATE GOVERNANCE STATEMENT

General Principle

The Group is committed to high standards of corporate governance in all its activities. Whilst the company is not required to comply with the 2006 FRC Combined Code, the Board recognises the value of the Code and has regard to its requirements as far as practicable and appropriate for a public company of its size and nature.

The Board

The Board consisted of four Executive and two Non Executive Directors as follows:

Executive Directors

Stewart W Darling (Commercial Director – appointed 25 November 2008)
James W Dickson (Chief Executive Officer)
Mark H Foster (Finance Director & Company Secretary)
Duncan J Noble (Operations Director)

Non-Executive Directors

James H Newman (Chairman)
Stewart C Gilliland

All Directors have access to the advice and services of the Company Secretary.

There is a clear division of responsibilities between the Chairman, who is responsible for the running of the Board, and the Chief Executive Officer, who, together with the other Executive Directors, are responsible for running the business.

The Board meets regularly, with no less than ten meetings planned in any one calendar year. Each Director is provided with sufficient information to enable them to consider matters in good time for meetings and enable them to discharge their duties properly. There is a formal schedule of matters reserved for Board approval. In principle the Board agrees the Group business plan, determines overall Group Strategy, acquisition, investment, human resource and health and safety policies, as well as approval for major items of capital expenditure.

All Directors have access to independent professional advice at the Group's expense. Prior to becoming a plc, the Directors undertook the training required in association with duties and responsibilities of being a director of a listed company.

The independent non-executive Directors bring an independent judgement to the management of the Group. They are free from any business or other relationships which could interfere with the exercise of their judgement. The non-executive Directors fulfil a key role in corporate accountability.

Board Committees

The Group has established a number of committees, details of which are set out below and all of which operate with defined Terms of Reference:

Audit Committee

This consists of:

James H Newman (Chairman)
Stewart C Gilliland

It meets at least three times in any year, and is usually attended as a minimum by the Chief Executive and Finance Director, as well as the Group's External Auditors.

The Audit Committee has terms of reference (which are available for inspection) to report on matters such as the Group's annual accounts, interim reports, major accounting issues and developments, the appointment of external auditors and their fee, the objectivity of the auditors, the Group's statement on internal control systems and the scope and findings of external audit.

Remuneration Committee

This consists of:

Stewart C Gilliland (Chairman)
James H Newman

The Remuneration Committee has terms of reference (which are available for inspection) and meets at least twice per year, reviewing and advising upon the remuneration and benefit packages of the Executive Directors and other senior management. The remuneration of the Chairman and non-executive Director is decided upon by the full Board.

The Remuneration policy is to attract, retain and motivate high quality executives capable of achieving the Group's objectives and thereby enhancing shareholder value.

The remuneration of the Executive Directors consists of a basic salary and benefits, performance related bonuses and share options. The non-Executive Directors are eligible for performance related share options.

Nominations Committee

The Board established a Nominations Committee during the year consisting of:

James H Newman (Chairman)
James W Dickson
Stewart C Gilliland

The Committee met as required during the course of the year. Stewart W Darling's appointment to the board in November 2008 was ratified by the Nominations Committee. The Committee has terms of reference which are available for inspection.

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, and recognises these systems are designed to manage rather than eliminate the risk of material loss.

The Board monitors risk through ongoing processes and provides assurance that the significant risks faced by the Group are being identified, evaluated and appropriately managed.

The main elements of the internal control systems are:

- management structure with clearly identified responsibilities
- budget setting process including longer term forecast review
- comprehensive monthly financial reporting system, with comparison to budget, supported by written report from the Chief Executive Officer and Finance Director
- report to the Audit Committee from the external auditors stating the material findings arising from the audit. This report is also considered by the main Board and action taken where appropriate
- a framework for capital expenditure and controls including authorisation procedures and rules relating to delegation of authority
- risk management policies to manage issues relating to health and safety, environment, legal compliance, insurance and security
- day to day hands on involvement of the Executive Directors

As a result of the above systems and controls, and due to its current size, the Group does not operate an internal audit function, but is keeping its position under review.

Shareholder Communication

The Group places a high level of importance on communicating with its shareholders and welcomes and encourages such dialogue within the regulations governed by the London Stock Exchange. The Board are keen to encourage the participation of a broad base of both institutional and private investors in the Group. Communication with shareholders will be maintained through the Annual General Meeting, annual and interim reports, press releases and periodic presentations.

Share Options

The company has established three share option plans: the EMI plan, the Executive plan and the Employee Plan. Share options will be issued at appropriate intervals in order to motivate and retain Executive Directors, senior management and other key staff whilst aligning their interests with those of the Group's shareholders. Such grants are approved by the Remuneration Committee.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BRULINES GROUP PLC

We have audited the Group financial statements of Brulines Group plc for the year ended 31 March 2009 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and notes 1 to 29. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Brulines Group plc for the year ended 31 March 2009.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Annual Report and the Group Financial Statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group Financial Statements give a true and fair view and whether the Group Financial Statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, the Chief Executive Officer's Statement and the Financial Review that is cross referred from the Review of Business and Future Developments section of the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements. The other information comprises only the Chairman's Statement, the Chief Executive Officer's Statement, the Financial Review, Corporate Governance Statement and the Report of the Directors. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group Financial Statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Group Financial Statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

Report of the Independent Auditor to the Members of Brulines Group PLC (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group Financial Statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group Financial Statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Grant Thornton UK LLP

Grant Thornton UK LLP

Registered Auditor
Chartered Accountants

Leeds, England

9 June 2009

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2009

	Note	Before Exceptional 2009 £000	Exceptional 2009 £000	Total 2009 £000	Total 2008 £000
Continuing operations					
Revenue	3	19,067	–	19,067	17,063
Cost of Sales		(7,848)	–	(7,848)	(7,946)
Gross profit		11,219	–	11,219	9,117
Administrative expenses		(6,173)	(363)	(6,536)	(5,129)
Operating profit		5,046	(363)	4,683	3,988
Finance income	6	138	–	138	249
Finance costs	7	(197)	–	(197)	(72)
Profit before taxation		4,987	(363)	4,624	4,165
Taxation	8	(1,277)	93	(1,184)	(1,303)
Profit for the year attributable to equity shareholders	5	3,710	(270)	3,440	2,862
Earnings per share for profit attributable to equity shareholders					
Total and continuing earnings per share					
– Basic	9	14.65p	(1.06)p	13.59p	11.84p
– Diluted	9	14.13p	(1.01)p	13.12p	11.53p

The accompanying accounting policies and notes form an integral part of these financial statements.

Details of the exceptional items which relate to Group restructuring costs related to acquisitions in the year are included in note 4.

CONSOLIDATED BALANCE SHEET

at 31 March 2009

	Note	2009 £000	2008 £000
Assets			
Non-current assets			
Goodwill	11	13,348	12,767
Other intangible assets	12	1,048	847
Property, plant and equipment	13	3,439	3,383
		17,835	16,997
Current assets			
Inventories	14	1,371	1,122
Trade and other receivables	15	4,646	3,737
Cash and cash equivalents		7,697	3,058
		13,714	7,917
Liabilities			
Current liabilities			
Trade and other payables	16	(7,038)	(6,435)
Borrowings	17	(420)	(394)
Current tax liabilities		(348)	(708)
Provisions	19	(89)	(89)
		(7,895)	(7,626)
Net current assets		5,819	291
Non-current liabilities			
Borrowings	17	(3,021)	(3,485)
Provisions	19	(232)	(303)
Deferred tax	20	(340)	(242)
		(3,593)	(4,030)
Net assets		20,061	13,258
Shareholders' equity			
Issued share capital	21	2,813	2,434
Share premium		11,126	7,024
Share based payment reserve		176	104
Own shares		(864)	(877)
Merger reserve		310	310
Retained earnings		6,500	4,263
Total equity attributable to equity holders of the parent		20,061	13,258

The Group financial statements were approved by the Board of Directors on 9 June 2009 and were signed on its behalf by:

J W Dickson
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2009

Group	Share capital £000	Share premium £000	Own Shares £000	Share based payment reserve £000	Merger reserve £'000	Retained earnings £000	Total £000
At 1 April 2007	2,408	6,966	(151)	32	–	2,456	11,711
Total recognised income and expenses – profit for the year	–	–	–	–	–	2,862	2,862
Share capital issued	26	58	–	–	310	–	394
Share based payment	–	–	–	72	–	–	72
Purchase of own shares	–	–	(726)	–	–	–	(726)
Dividends	–	–	–	–	–	(1,055)	(1,055)
At 31 March 2008	2,434	7,024	(877)	104	310	4,263	13,258
Total recognised income and expenses – profit for the year						3,440	3,440
Share capital issued	379	4,102	–	–	–	–	4,481
Share based payment	–	–	–	72	–	–	72
Exercised options re own shares	–	–	13	–	–	–	13
Dividends	–	–	–	–	–	(1,203)	(1,203)
At 31 March 2009	2,813	11,126	(864)	176	310	6,500	20,061

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2009

	Group 2009 £000	Group 2008 £000
Profit after tax	3,440	2,862
Amortisation of intangible assets	337	108
Depreciation	321	223
(Profit)/loss on sale of property, plant and equipment	(1)	2
Share based payments	72	72
Change in inventories	(196)	286
Change in receivables	(628)	(198)
Change in payables	(24)	89
Change in provisions	(71)	392
Interest receivable	138	249
Interest payable	(197)	(72)
Taxation expense recognised in income statement	1,184	1,303
Cash generated from operations	4,375	5,316
Interest paid	197	72
Interest received	(138)	(249)
Income taxes paid	(1,596)	(1,122)
Net cash generated from operating activities	2,838	4,017
Cash flows from Investing activities		
Proceeds on disposal of property, plant and equipment	5	2
Purchases of property, plant and equipment	(218)	(2,909)
Purchase of subsidiary undertakings	(1,054)	(4,363)
Cash acquired with subsidiary	215	155
Net cash used in investing activities	(1,052)	(7,115)
Cash flows from financing activities		
Repayments of borrowings	(438)	(71)
Bank funding	–	3,950
Dividends paid	(1,203)	(1,055)
Options exercised/Purchase of own shares	13	(726)
Repayments of obligations under finance leases and hire purchase contracts	–	(21)
Issue of ordinary share capital	4,481	–
Net cash from financing activities	2,853	2,077
Net increase/(decrease) in cash and cash equivalents	4,639	(1,021)
Cash and cash equivalents at beginning of period	3,058	4,079
Cash and cash equivalents at end of period	7,697	3,058

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2009

1. Significant accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). IFRS includes Interpretations issued by the International Financial Reporting Interpretations Committee.

The financial statements have been prepared on the historical cost convention. The measurement bases and principal accounting policies of the Group are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

1.2 Subsidiaries

The consolidated financial statements incorporate the results, assets, liabilities and cash flows of the company and each of its subsidiaries for the financial year ended 31 March 2009.

Subsidiaries are entities controlled by the Group. Control is deemed to exist when the Group has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results, assets, liabilities and cash flows of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

1.3 Business combinations

The purchase method is used to account for all acquisitions. The cost of an acquisition is measured at the fair values, on the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

At the date of acquisition, the identifiable assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to the date of transition to IFRS which was 1 April 2006. Accordingly the classification of the combination (acquisition, reverse acquisition or merger) remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at date of transition if they would be recognised under IFRS, and are measured using their UK GAAP carrying amount immediately post-acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. Deferred tax and minority interest are adjusted for the impact of any consequential adjustments after taking advantage of the transitional provisions.

1.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods provided in the normal course of business, net of all related discounts and sales tax.

Sale of dispense monitoring equipment

The revenue from the sale is recognised at the point of installation when the transfer of risk and reward is made to the customer.

1. Significant accounting policies (continued)

Sale of support service packs

The revenue is recognised over the support term of the length of the service contract in accordance with the respective customer's agreements.

Machine & vending monitoring sale of equipment

The revenue from the sale is recognised at the point of installation when the transfer of risk and reward is made to the customer.

Machine monitoring licence and support

The revenue is recognised over the support term of the length of the service contract in accordance with the respective customer's agreements.

Machine monitoring data management services

The revenue is recognised over the support term of the length of the service contract in accordance with the respective customer's agreements.

Wetstock analysis

The revenue is recognised over the support term of the length of the service contract in accordance with the respective customer's agreements.

Interest income

Interest income is accrued on a time basis using the effective interest method.

Rental income

Income from equipment leased to customers is accounted for on a straight-line basis over the period to which it relates. These arrangements are operating leases, where the risk and reward of the unit, which is capitalised, remains with the Group.

1.5 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in the statement of recognised income and expenses to the extent that they relate to a gain or loss on that non-monetary item taken to the statement of recognised income and expenses, otherwise such gains and losses are recognised in the income statement.

1.6 Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary. Goodwill is not amortised, but tested at least annually for impairment, and carried at cost less accumulated impairment losses. Impairment losses are immediately recognised in the income statement and are not subsequently reversed.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

1. Significant accounting policies (continued)

1.7 Intangible assets

Separately acquired intangible assets

The Group does not operate any purchased computer software. All such software is licensed and expensed.

Acquisition as part of a business combination

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets acquired as part of a business combination and recognised by the Group include customer contracts.

After initial recognition, intangible assets acquired as part of a business combination are carried at cost less accumulated amortisation and any impairment losses recognised in administrative expenses in the income and expenditure statement.

Amortisation

Intangible assets are amortised on a straight-line basis, to reduce their carrying value to their residual value, over their estimated useful lives. The following useful lives were applied during the year:

Customer contracts	unexpired length of contract

Methods of amortisation, residual values and useful lives are reviewed, and if necessary adjusted, at each balance sheet date.

1.8 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost comprises the purchase price of property, plant and equipment together with any directly attributable costs.

Subsequent costs are included in an asset's carrying value or recognised as a separate asset, when it is probable that future economic benefits associated with the additional expenditure will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to the income statement when incurred.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of assets to their residual values over their estimated useful lives using a method that reflects the pattern in which the assets' future economic benefits are expected to be consumed by the Group.

Depreciation is charged in equal annual instalments over the following periods:

Freehold land and property	50 years
Plant and machinery	4 years
Equipment and vehicles	4 years
Fixtures and fittings	4 years
Rental systems	Term of hire

Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item, and is included in the income statement.

1. Significant accounting policies (continued)

1.9 Impairment

At each balance sheet date, the Group assesses whether there is any indication that its assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. This present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the asset for which future cash flow estimates have not been adjusted. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

An impairment loss relating to assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the income statement.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination.

Goodwill is tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit by first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then reducing the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the income statement. Impairment losses on goodwill are not subsequently reversed.

1.10 Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

1.11 Operating leases

The costs of all operating leases are charged to the income statement on a straight-line basis at existing rental levels. Incentives to sign operating leases are recognised in the income statement in equal instalments over the term of the lease.

1.12 Own shares

The costs of purchasing own shares are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Such amounts are shown in a separate reserve. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group income statement.

1.13 Inventories

Inventories are stated at the lower of cost and net realisable value on a first in first out (FIFO) basis. Cost of finished goods and work in progress includes materials and direct labour.

Net realisable value is the estimated selling price, which would be realised after deducting all estimated costs of completion, and costs incurred in marketing, selling and distributing such inventory.

1. Significant accounting policies (continued)

1.14 Taxation

The tax expense represents the sum of current tax and deferred tax.

Current tax

Current tax is based on taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the balance sheet date. Taxable profit differs from accounting profit either because items are taxable or deductible in periods different to those in which they are recognised in the financial statements or because they are never taxable or deductible.

Deferred tax

Deferred tax on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the balance sheet liability method.

Using the balance sheet liability method, deferred tax liabilities are recognised in full for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, if the deferred tax asset or liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit, it is not recognised.

Deferred taxation is measured at the tax rates that are expected to apply when the asset is realised or the liability settled based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax amounts and when they relate to the same tax authority and the Group intends to settle its current tax amounts on a net basis.

Current and deferred tax are recognised in the income statement except when they relate to items recognised directly in equity, when they are similarly taken to equity.

1.15 Provisions

A provision is recognised when, as a result of a past event, the Group has a legal or constructive obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of such an obligation can be made.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Provision is made for the present value of any onerous element of operating leases. This typically arises when the Group ceases to use premises and they are left vacant for the remainder of the lease term or are sub-let at rentals, which fall short of the amount payable by the Group under the lease.

Provision is made for the estimated cost of dilapidation repairs arising from wear and tear to leased properties where the Group has a present legal obligation to repair based on the terms of the lease agreements.

1.16 Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

1. Significant accounting policies (continued)

The particular recognition and measurement methods adopted for the Group's financial instruments are disclosed below:

Trade receivables and Cash and cash equivalents

Trade receivables and cash and cash equivalents are categorised as loans and receivables, which are recognised initially at fair value and are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade payables and borrowings

Trade payables and borrowings are recorded initially at fair value, net of direct issue costs, and subsequently are recorded at amortised cost using the effective interest method.

1.17 Dividends

Final dividends are recognised as a liability in the period in which they are approved by the company's shareholders. Interim dividends are recognised when they are paid.

1.18 Employee share option schemes

All share-based payment arrangements granted after 7 November 2002 are recognised in the financial statements. IFRS 2 has been applied to grants before 7 November 2002 only where the group has disclosed publicly the fair value of those equity instruments, determined as at the grant date in accordance with IFRS 2.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to "Share based payment reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

1. Significant accounting policies (continued)

1.19 Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Share based payment reserve" represents equity-settled share-based employee remuneration until such share options are exercised.
- "Own shares reserve" represents the costs/ proceeds of purchasing/ selling own shares.
- "Merger reserve" represents the excess over nominal value of fair value of consideration attributed to equity shares issued in part settlement for subsidiary company shares acquired.
- "Retained earnings reserve" represents retained profits.

1.20 New IFRS standards and interpretations not applied

The IASB and IFRIC have issued additional standards and interpretations, which are effective for periods starting after the date of these financial statements. The following standards and interpretations have yet to be adopted by the Group:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 July 2009)
- Amendment to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures About Financial Instruments (effective 1 January 2009)
- Embedded Derivatives – Amendments to IAS 39 and IFRIC 9 (effective for annual periods ending on or after 30 June 2009)
- Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)

1. Significant accounting policies (continued)

- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 13 Customer Loyalty Programmes (IASB effective date 1 July 2008)
- IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective 1 July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective prospectively for transfers on or after 1 July 2009)

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group except for additional disclosure and presentational requirements.

1.21 Research and development

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Group intends to complete the intangible asset and use or sell it
- the Group has the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably

Development costs not meeting the criteria for capitalisation are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

Directly attributable costs include employee (other than directors) costs incurred on development along with an appropriate portion of relevant overheads. The costs of internally generated software developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired licences. However, until completion of the development project, the assets are subject to impairment testing only.

Amortisation commences upon completion of the asset, and is shown within administration costs.

Careful judgement by the directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. In addition, all internal activities related to the research and development of new software products are continuously monitored by the directors.

1. Significant accounting policies (continued)

1.22 Exceptional Items

The Group seeks to highlight certain items as exceptional operating income or costs. These are considered to be exceptional in size and/or nature rather than indicative of the underlying trading of the Group. These may include items such as restructuring costs, material profits or losses on disposal of property, plant and equipment and profits or losses on the disposal of subsidiaries. All of these items are charged or credited before calculating operating profit or loss. Material profits or losses on disposal of property, plant and equipment and profits or losses on the disposal of subsidiaries are shown as separate items in arriving at operating profit or loss whereas other exceptional items are charged or credited within operating costs and highlighted by analysis. The Directors apply judgement in assessing the particular items, which by virtue of their size and nature are disclosed separately in the income statement and the notes to the financial statements as exceptional items. The Directors believe that the separate disclosure of these items is relevant to understanding the Group's financial performance.

2. Critical accounting judgements and key sources of estimation uncertainty

2.1 Significant judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may however differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the period in which the estimate is revised.

Certain accounting policies are particularly important to the preparation and explanation of the Group's financial information. Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next twelve months are set out below.

Impairment of intangible assets and property, plant and equipment

The Group tests goodwill at least annually for impairment, and whenever there is an indication that the asset may be impaired. All other intangible assets and property, plant and equipment are tested for impairment when indicators of impairment exist. Impairment is determined with reference to the higher of fair value less costs to sell and value in use. Value in use is estimated using adjusted future cash flows. Significant assumptions are made in estimating future cash flows about future events including future market conditions and future growth rates. Changes in these assumptions could affect the outcome of impairment reviews. See note 11.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination including customer contracts and customer lists are recognised when they are identifiable or arise from contractual or other legal rights and their fair value can be reliably measured. Fair value is estimated using risk adjusted future cash flows. Significant assumptions are made in estimating future cash flows about future events including future market conditions and future growth rates. Changes in these assumptions could affect fair values. See note 27.

Put and call option

On 10 May 2007 Brulines Group plc legally acquired 66% of the issued share capital of Coin Metrics Limited. Under IFRS 3 "Business Combinations" the acquisition has been accounted for as a 100% purchase with no minority interest included.

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Brulines Group plc have entered into a put and call option to purchase the remaining 34% of the issued share capital. On 13 February 2009, Brulines Group plc increased their holding in Coin Metrics Limited from 66% to 83%, with a put and call option over the remaining 17%. Under IFRS 3 "Business Combinations" this has been treated as deferred contingent consideration as it is clearly part of the business combination and highly probable that the put will be exercised. The directors are currently unable to put a reliable estimate on the fair value of the deferred consideration and as such no value has been included. The fair value is based on a multiple of EBIT with such a multiple being based on recurring revenue, as defined in the put and call option agreement. This will be continually monitored and a fair value calculated if appropriate going forward.

Operating lease commitments

The Group has an existing commercial property lease in relation to offices. The Group has determined that it has not obtained substantially all the risks and rewards of ownership of the property and has therefore accounted for the lease as an operating lease.

Provisions

Provisions are recognised when management are satisfied that an outflow of economic benefits is probable and a reliable estimate can be made of the obligation.

In estimating the onerous lease provisions, the Group considers the likelihood of being able to sub-let properties, the expected level of rentals, the probability of assignees going into liquidation and property reverting to the Group, expected future trading conditions, and whether uneconomic stores will be closed and properties sub-let.

Income taxes

The determination of the Group's tax liabilities requires the interpretation of tax law. The Group obtains appropriate professional advice from its tax advisors in relation to all significant tax matters. The directors believe that the judgements made in determining the Group's tax liabilities are reasonable and appropriate, however, actual experience may differ and materially affect future tax charges.

3. Segment reporting

Business segments

For management purposes the Group is currently organised into three operating divisions, being Dispense and Machine Monitoring, Vending and M2M solutions and Forecourt Services as defined in the Report of the Directors principal activities section. These business segments are the basis on which the Group reports its primary segmental information. As the Group's business is entirely conducted within the United Kingdom, there are no geographical business segments and as a result no secondary reporting segmental information is presented.

The inter-segment sales are immaterial. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets and liabilities comprise items such as cash and cash equivalents, taxation, and borrowings. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

3. Segment reporting (continued)

Continuing Operations (post exceptional items)	Dispense and Machine Monitoring 2009 £000	Dispense and Machine Monitoring 2008 £000	Vending & M2M 2009 £000	Vending & M2M 2008 £000	Forecourt Services 2009 £000	Forecourt Services 2008 £000	Total 2009 £000	Total 2008 £000
Revenue	17,678	17,063	1,265	–	124	–	19,067	17,063
Segment result	4,960	3,988	(115)	–	(162)	–	4,683	3,988
Finance income							138	249
Finance costs							(197)	(72)
Profit before taxation							4,624	4,165
Taxation							(1,184)	(1,303)
Profit for the year from continuing operations							3,440	2,862
Other information								
Additions to property, plant, equipment and intangible assets	170	3,855	628	–	6	–	804	3,855
Depreciation and amortisation	616	331	5	–	37	–	658	331

	Dispense and Machine Monitoring 2009 £000	Dispense and Machine Monitoring 2008 £000	Vending & M2M 2009 £000	Vending & M2M 2008 £000	Forecourt Services 2009 £000	Forecourt Services 2008 £000	Total 2009 £000	Total 2008 £000
Segment assets	15,491	11,300	1,428	–	234	–	17,153	11,300
Unallocated assets							14,396	13,614
Total assets							31,549	24,914
Segment liabilities	9,243	11,414	1,566	–	287	–	11,096	11,414
Unallocated liabilities							392	242
Total liabilities							11,488	11,656

Analysis of revenue by category	2009 £000	2008 £000
Continuing operations		
Sale of goods and services	19,067	17,063
Finance income	138	249
	19,205	17,312

4. Exceptional items

	2009 £000	2008 £000
Restructuring costs	363	–
	363	–

The above costs relate to costs incurred in restructuring the acquisitions made during the year.

5. Profit for the year

The following items have been included in arriving at profit for the year:

	2009 £000	2008 £000
Employee benefits expense (note 22)	6,789	5,446
Depreciation of property, plant and equipment (note 13)	321	223
Amortisation of intangible assets included in administrative expenses (note 12)	337	108
(Profit)/loss on disposal of property, plant and equipment	(1)	2
Operating lease rentals payable	238	650
Product research and development	296	268

Auditor's remuneration **Services to the company and its subsidiaries**	2009 £000	2008 £000
Fees payable to the company's auditor for the audit of the annual financial statements	12	10
Fees payable to the company's auditor and its associates for other services:		
Audit of the financial statements of the company's subsidiaries pursuant to legislation	16	17
Other services relating to tax – compliance and advice	7	11
Other services relating to advice on share option scheme	–	3
Services relating to corporate finance transactions	44	104
Other services – IFRS advice, half year reporting and accounting advice	9	23
	88	168

6. Finance income

	2009 £000	2008 £000
Interest on bank deposits	138	246
Other interest	–	3
	138	249

7. Finance costs

	2009 £000	2008 £000
Interest payable on bank borrowings	197	72
	197	72

8. Taxation

Analysis of charge in period

	2009 £000	2008 £000
Current tax expense		
– UK corporation tax on profits of the period	1,347	1,320
– Amounts in respect of prior periods	(111)	–
	1,236	1,320
Deferred tax expense (note 20):		
– Temporary differences	(52)	(17)
Income tax expense	1,184	1,303

8. Taxation (continued)

Reconciliation of effective tax rate

The tax for the period is lower (2008: higher) than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £000	2008 £000
Profit before taxation		
– Continuing operations	4,624	4,165
Profit before taxation multiplied by rate of corporation tax in the UK of 28% (2008: 30%)	1,295	1,250
Effects of:		
Other expenses not deductible for tax purposes	25	61
Goodwill amortisation	84	21
Depreciation in excess of capital allowances	(29)	(5)
Loss utilisation	(80)	2
Prior period adjustment	(111)	–
Rate difference	–	(26)
Total tax expense	1,184	1,303

9. Earnings per share

Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated on the basis of profit for the year after tax divided by the weighted average number of shares in issue in the year plus the weighted average number of shares which would be issued if all the options granted were exercised.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	2009			2008		
	Earnings £000	Basic earnings per share	Diluted earnings per share	Earnings £000	Basic earnings per share	Diluted earnings per share
Profit attributable to equity shareholders	3,440	13.59p	13.12p	2,862	11.84p	11.53p

	2009 Number	2008 Number
Weighted average number of ordinary shares	25,319,392	24,165,880
Dilutive effect of share options	1,450,902	1,279,544
Diluted weighted average number of ordinary shares	26,770,294	25,445,424

10. Ordinary dividends

	2009 £000	2008 £000
Final dividend for the year ended 31 March 2008 of 3.55p (year ended 31 March 2007: 3.0p)	837	717
Interim dividend paid in respect of the year of 1.55p (2008:1.45p)	366	338
Amounts recognised as distributions to equity holders	1,203	1,055

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2009 of 3.80p per share. If approved by shareholders, it will be paid on 24 July 2009 to shareholders who are on the register of members on 19 June 2009.

11. Goodwill

The main changes in the carrying amounts of goodwill result from the acquisition of Vianet Limited and Edensure Limited. The net carrying amount of goodwill can be analysed as follows:

Group	2009 £000	2008 £000
Cost		
At 1 April	12,767	9,220
Additions (note 27)	581	3,547
At 31 March	13,348	12,767
Accumulated impairment losses		
At 1 April 2008 and 31 March 2009	–	–
Net book amount 31 March	13,348	12,767

Management have assessed potential impairment and based on sales contracts, on going business and profitability of each cash generating unit, no impairment was necessary.

The carrying value of goodwill is allocated to the following cash generating units:

	2009 £000	2008 £000
Dispense Monitoring	11,952	11,952
Machine Monitoring	848	815
Vending Solutions	365	–
Forecourt Monitoring	183	–
Carrying amount 31 March	13,348	12,767

On 13 February 2009, the Group increased its holding from 66% to 83% in the issued share capital of Coin Metrics Limited. The consideration was £33,636 in cash.

The recoverable amounts for these cash generating units were based on value-in-use calculations at a discount rate of 4.6% covering the Group's budget for 2010, review of results for 2009, coupled with prudent growth prospects.

Management's key assumption for these businesses is stable profit margins which have been based on past experience in their markets. These are the best available input for forecasting future markets. Apart from the considerations described above, management is unaware of any probable changes that would necessitate changes in these key estimates.

12. Other intangible assets

Group	Order book £000	Customer Contracts £000	Patents £000	Total £000
Cost				
At 1 April 2007	39	907	14	960
At 31 March 2008	**39**	**907**	**14**	**960**
– business combinations separately acquired (note 27)	–	538	–	538
At 31 March 2009	**39**	**1,445**	**14**	**1,498**
Amortisation				
At 1 April 2007	–	–	5	5
Charge for the year	39	68	1	108
At 31 March 2008	**39**	**68**	**6**	**113**
Charge for the year	–	336	1	337
At 31 March 2009	**39**	**404**	**7**	**450**
Net book amount				
At 31 March 2009	**–**	**1,041**	**7**	**1,048**
At 31 March 2008	**–**	**839**	**8**	**847**

Where appropriate, intangible assets identified in business combinations have been recognised in accordance with the provisions of IFRS 3 (Business Combinations) and IAS 38 (Intangible Assets). Intangible assets have only been recognised where they have identifiable future economic benefits that are controlled by the entity, it is probable that these benefits will flow to the entity and their fair value can be measured reliably.

The useful lives of the intangible assets acquired during the year were assessed to be as follows:

Customer contracts – unexpired length of contract

13. Property, plant and equipment

Group	Freehold Land and buildings £000	Plant, vehicles and equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 1 April 2007	326	375	515	1,216
Additions	2,719	47	143	2,909
Acquisition	–	152	61	213
Disposals	–	(146)	–	(146)
At 31 March 2008	**3,045**	**428**	**719**	**4,192**
Additions	31	36	199	266
Acquisition	–	–	558	558
Disposals	–	(69)	–	(69)
At 31 March 2009	**3,076**	**395**	**1,476**	**4,947**
Accumulated depreciation				
At 1 April 2007	32	318	379	729
Charge for the year	77	54	92	223
Disposals	–	(143)	–	(143)
At 31 March 2008	**109**	**229**	**471**	**809**
Charge for the year	59	20	242	321
Acquisition	–	–	420	420
Disposals	–	(42)	–	(42)
At 31 March 2009	**168**	**207**	**1,133**	**1,508**
Net book amount				
At 31 March 2009	**2,908**	**188**	**343**	**3,439**
At 31 March 2008	**2,936**	**199**	**248**	**3,383**

14. Inventories

	2009 £000	2008 £000
Raw materials	1,551	1,241
Write down on raw materials	(269)	(253)
Work in progress	89	134
	1,371	1,122

No reversal of previous write-downs was recognised as a reduction of expense in 2008 or 2009. In 2009 £1,830,264 (2008: £2,263,254) was included in the income statement under cost of sales. None of the inventories are pledged as securities for liabilities.

The Group's inventories are comprised of products, which are not generally subject to rapid obsolescence on account of technological, deterioration in condition or market trends. Consequently management considers that there is little risk of significant adjustments to the Group's inventory assets within the next financial year.

15. Trade and other receivables

	2009 £000	2008 £000
Trade receivables	4,384	3,587
Other receivables	116	10
Prepayments and accrued income	146	140
	4,646	3,737

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Some trade receivables were found to be impaired.

In addition some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2009 £000	2008 £000
Not more than 3 months	2,066	1,305
More than 3 months but not more than 6 months	242	371
More than 6 months but not more than 1 year	55	48
More than 1 year	–	–
	2,363	1,724

16. Trade and other payables

	2009 £000	2008 £000
Trade payables	967	786
Other taxation and social security	797	583
Other payables	–	50
Accruals and deferred income	5,274	5,016
	7,038	6,435

The directors consider that the carrying amount of trade and other payables approximates their fair value.

17. Borrowings

Current	2009 £000	2008 £000
Bank loans	420	394
	420	394

Non-current	2009 £000	2008 £000
Bank loans	3,021	3,485
	3,021	3,485

Bank loans are denominated in £ sterling and bear interest based on Bank of Scotland Base Rate plus 1%. The bank loans are secured by a fixed charge over the land and buildings of the Group.

17. Borrowings (continued)

The weighted average effective interest rates on the Group's borrowings were as follows:

	2009 %	2008 %
Bank overdrafts – floating rates	4.62	6.54
Bank borrowings – floating rates	4.62	6.54

The maturity profile of the Group's non-current bank loans, was as follows:

	2009 £000	2008 £000
Between one and two years	420	394
Between two and five years	1,479	1,791
More than five years	1,542	1,694
	3,441	3,879

The Group's bank borrowings bear interest at floating rates, which represent prevailing market rates. The Directors have not considered the impact of interest on these commitments given the levels of cash in the Group. The cash generative nature of the Group and hence any interest rate change would be mitigated by interest earned. The directors consider therefore that the carrying amount of bank borrowings approximates their fair value.

The Group have the following committed floating rate borrowing facilities:

	2009 £000	2008 £000
Expiring within one year	–	800
Expiring between 1 and 2 years	–	–
Expiring in more than 2 years	–	–
	–	800

Brulines Group plc's policy is to minimise interest rate cash flow risk exposures on our long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 March 2009, Brulines Group plc is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates. Brulines Group plc did not renew their bank overdraft that expired in May 2008. As in the previous year, all other financial assets and liabilities have fixed rates.

18. Financial Instruments

The Group is exposed on a minimal basis to market risk through its use of a US Dollar and a Euro account. The Group's risk management is co-ordinated by the directors who focus actively on securing the Group's short to medium term cash flows through regular review of all the operating activities of the business. Long term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Foreign currency sensitivity

Exposures to currency exchange rates arise from the Group's overseas activities, all of which are denominated in US Dollars and Euros.

18. Financial Instruments (continued)

Due to the non material nature of the Group's exposure to foreign currency risk, sensitivity analysis to movement in exchange rates are not produced.

Foreign currency denominated financial assets and liabilities are set out below:

	2009 $000	2008 $000
Financial assets	50	13
Financial liabilities	–	–
	50	13

	2009 €000	2008 €000
Financial assets	16	–
Financial liabilities	–	–
	16	–

The Group has no long term foreign exchange exposure.

At the beginning and end of the year, the Group had no unexpired forward foreign exchange contracts.

Credit risk analysis

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date and which are set out below:

	2009 £000	2008 £000
Cash and cash equivalents	7,697	3,058
Trade and receivables	4,384	3,587
	12,081	6,645

The Group continuously monitors credit risk of customers and other counterparties and incorporates this information into its credit risk controls. The Group takes up trade references on all new customers and its policy is to deal only with credit worthy companies.

Management considers that all the above financial assets are of good credit quality, including those that are past due.

None of the Group's financial assets are secured by collateral or other credit enhancements.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk for liquid funds is considered negligible, since the counterparty is a reputable bank with a high quality external credit rating.

Liquidity risk analysis

The Group manages its liquidity needs by carefully monitoring all scheduled cash outflows. Liquidity needs are monitored in various time bands, on a day-to-day and week to week basis, as well as on the basis of a rolling 4 week projection. Longer term needs are monitored as part of the Group's regular rolling monthly reforecasting process.

18. Financial Instruments (continued)

The Group maintains cash to meet its liquidity requirements for the short to medium term. Funding for long-term liquidity is additionally secured by an adequate amount of committed credit facilities.

	2009 £000	2008 £000
Trade payables	967	786
Other short term financial liabilities	420	394
	1,387	1,180

Summary of financial assets and liabilities by category

Current Assets	2009 £000	2008 £000
Cash and cash equivalents	7,697	3,058
Trade and receivables	4,384	3,587
	12,081	6,645

Current Liabilities	2009 £000	2008 £000
Trade payables: financial liabilities measures at amortised cost	967	786
Other short term financial liabilities	420	394
	1,387	1,180
Net financial assets	10,694	5,465

The Directors have not disclosed an interest rate sensitivity analysis note given the levels of cash in the Group, and the cash generative nature of the Group, hence any interest rate change would be mitigated by interest earned.

The carrying value of the above assets and liabilities is equal to their fair value.

Capital management policies and procedures

The Group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods under review is set out below:

	2009 £000	2008 £000
Total equity	20,061	13,258
Less cash equivalents	(7,697)	(3,058)
	12,364	10,200
Capital to overall financing ratio	0.62	0.77

19. Provisions

Group	Onerous leases £000	Dilapidations £000	Total £000
1 April 2007	–	–	–
Charged to income statement	372	20	392
1 April 2008	372	20	392
Charged to income statement	(71)	–	(71)
31 March 2009	301	20	321

Provisions are analysed between current and non-current as follows:

	Group	
	2009 £000	2008 £000
Current	89	89
Non-current	232	303
	321	392

The provision for onerous leases is in respect of leasehold properties from which the Group no longer resides, but is liable to fulfil rent and other property commitments up to the lease expiry date. If a property is sub-let below the head rent, or for a period shorter than the remaining lease term, provision is made for the onerous element of the lease. Obligations are payable within a range of 1 to 5 years.

The Group provides for the estimated cost of property dilapidations, where appropriate, during the period of the tenancy. The provisions are expected to be utilised over the next 4 to 5 years.

20. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 28% (2008: 30%).

The movement on the deferred tax account is as shown below:

	2009 £000	2008 £000
At 1 April	(242)	6
Profit and loss charge	52	17
Acquisition (note 27)	(150)	(265)
At 31 March	(340)	(242)

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below:

Net deferred tax liability Group	£000
At 31 March 2009	(340)
At 31 March 2008	(242)

21. Issued share capital

	2009 £000	2008 £000
Authorised		
40,000,000 ordinary shares of 10p each (2008: 40,000,000)	4,000	4,000
Issued and fully paid		
Ordinary shares of 10p each: 28,128,164 (2008: 24,341,523)	2,813	2,434

Allotments during the year

On 29 December 2008, 3,786,641 10p ordinary shares were issued with a fair value of £1.25 each giving an aggregate consideration of £4,733,301.25. The shares had a nominal value of £378,664.10. The resulting premium of £4,354,637.15 has been credited to the share premium reserve.

Costs relating to the placing totalling £253,288.39 have been debited to the share premium reserve.

During the year 172,500 10p ordinary shares were granted under the employee share option scheme. The option price was £1.515p

During the year 20,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.325p

Since the end of the financial year no shares have been issued under the share option scheme.

Own shares

The Group accounts for its own shares held by the Trustees of the employee option scheme as a deduction from shareholders equity. At 31 March 2009, the Trust owned 534,983 shares (2008: 550,983 shares) with a nominal value of £53,498 (2008: £55,098).

At 31 March 2009, Brulines Group plc owned 216,000 shares (2008: 216,000 shares) with a nominal value of £21,600 (2008: £21,600), all held in treasury.

Dividends payable on these shares have been waived.

No shares have been conditionally gifted to certain employees as at 31 March 2009.

22. Employees and directors

Employee benefit expense during the period

	2009 £000	2008 £000
Wages and salaries	5,898	4,872
Social security costs	617	496
Pension costs	202	6
Share based payments	72	72
	6,789	5,446

22. Employees and directors (continued)

Average monthly number of people (including directors) employed

	2009 Number	2008 Number
Sales	9	6
Engineering	46	51
VRS	30	24
Management	12	12
Administration	122	111
	219	204

Key management personnel – Directors

Group	2009 £000	2008 £000
Aggregate emoluments	723	578
Pension contributions	49	–
	772	578

Highest paid director

	2009 £000	2008 £000
Aggregate emoluments	212	227
Pension contributions	24	–
	236	227

23. Operating lease commitments

The Group lease various motor vehicles and property under non-cancellable operating leases. The leases have been entered into under normal commercial terms.

Total future minimum lease payments under non-cancellable operating leases:

Group	2009 £000	2008 £000
Within one year	209	306
After one year and less than five years	267	479
	476	785

24. Capital commitments

	2009 £000	2008 £000
Contracts placed for future capital expenditure not provided in the financial statements	–	–

25. Contingent liabilities

The Group had no contingent liabilities at the beginning or end of the year.

26. Share-based payments

The Group has established three share option plans: the EMI Plan, the Executive Plan and the Employee Plan. Under the share option plans, the directors can grant options over shares in the company to employees. Options are granted with a fixed exercise price equal to the market value of the shares at the date of grant. The contractual life of an option is 10 years. Options granted under the EMI share option plans will become exercisable immediately, and options granted under the Executive Plan and the Employee Plan will become exercisable on the third anniversary of the date of grant. Exercise of an option is subject to continued employment.

Details of share options outstanding during the period (including those held by directors) are set out below:

	2009		2008	
	Number of share options	Weighted average exercise price p	Number of share options	Weighted average exercise price p
At 1 April	1,342,750	101.3	1,265,750	98.0
Granted	192,500	149.5	100,000	148.5
Exercised	(16,000)	67.2	–	–
Forfeited	(23,500)	123.0	(23,000)	123.0
At 31 March	1,495,750	104.6	1,342,750	101.3
Exercisable at 31 March	470,000	57.7	486,000	58.0

Name of director / senior employee	Date of grant	Number of options	Exercise price	Exercise date	Exercise period
D J Noble	31/03/06	80,000	50.0p	–	01/04/06 to 31/03/16
A Martinez	31/03/06	90,000	50.0p	–	01/04/06 to 31/03/16
G James	31/03/06	90,000	50.0p	–	01/04/06 to 31/03/16
M H Foster	31/03/06	150,000	67.2p	–	01/04/06 to 31/03/16
D J Noble	31/03/06	40,000	67.2p	–	01/04/06 to 31/03/16
D Glass	31/03/06	16,000	67.2p	13/11/08	01/04/06 to 31/03/16
M Bristow	31/03/06	20,000	67.2p	–	01/04/06 to 31/03/16
J W Dickson	26/10/06	75,000	123.0p	–	27/10/09 to 26/10/16
M H Foster	26/10/06	65,000	123.0p	–	27/10/09 to 26/10/16
D J Noble	26/10/06	65,000	123.0p	–	27/10/09 to 26/10/16
G James	26/10/06	50,000	123.0p	–	27/10/09 to 26/10/16
A J Martinez	26/10/06	50,000	123.0p	–	27/10/09 to 26/10/16
R Colley	26/10/06	75,000	123.0p	–	27/10/09 to 26/10/16
J H Newman	26/10/06	36,000	123.0p	–	27/10/09 to 26/10/16
S C Gilliland	26/10/06	24,000	123.0p	–	27/10/09 to 26/10/16
S M Brown	26/10/06	50,000	123.0p	–	27/10/09 to 26/10/16
J Anspach	07/01/08	50,000	148.5p	–	08/01/11 to 06/01/18
C Consterdine	07/01/08	50,000	148.5p	–	08/01/11 to 06/01/18
R C Colley	16/07/08	25,000	151.5p	–	17/07/11 to 15/07/18
W K Knowles	11/08/08	50,000	151.1p	–	12/08/11 to 10/08/18

26. Share-based payments (continued)

The fair value per option and the assumptions used in the calculation were as follows:

Share price at grant date	34.8p (March 2006)
	123.0p (October 2006)
	147.5p (December 2006)
	148.5p (January 2008)
	154.0p (July 2008)
	155.5p (August 2008)
	123.0p (November 2008)
Exercise price	50.0p (March 2006)
	67.2p (March 2006)
	123.0p (October 2006)
	147.5p (December 2006)
	148.5p (January 2008)
	151.5p (July 2008)
	151.5p (August 2008)
	132.5p (November 2008)
Shares under option	1,434,750
Vesting period – EMI Options (years)	0
Vesting period – Executive/Employee Scheme (years)	3
Option life (years)	10
Expected life (years)	3
Expected volatility	30%
Risk free rate – 31 March 2006	4.39%
Risk free rate – 19 October 2006	4.75%
Risk free rate – 6 December 2006	4.58%
Expected dividends expressed as a dividend yield	3%
Fair value per option – EMI Options (50.0p)	3.2p
Fair value per option – EMI Options (67.2p)	1.3p
Fair value per option – Executive/Employee Scheme (123.0p)	25.0p
Fair value per option – Executive/Employee Scheme (147.5p)	30.0p

Expected volatility was determined by discounting the weighted average volatility of comparable listed companies to a comparable private company volatility. The share price of £0.348 was agreed with HMR&C as the fair value of Brulines Group plc shares at the time of grant of the EMI options. The fair value of the other shares was as per market value at date of grant as shown above. The risk free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

The Group recognised an expense of £72,000 (2008: £72,000) in relation to equity settled share-based payment transactions in the year.

27. Business combinations

Acquisition of Edensure Limited

On 24 October 2008 Brulines Group plc legally acquired 100% of the issued share capital of Edensure Limited, a company based in the UK. The purchase price was settled for £220,000 in cash. Details of the acquisition are set out below:

	Carrying values pre acquisition £000	Fair value £000
Property, plant and equipment	122	122
Trade and other receivables	34	34
Trade and other payables	(81)	(81)
Cash and cash equivalents	34	34
Net assets acquired	109	109
Goodwill		183
Consideration		292
Consideration satisfied by:		
– Cash		220
– Directly attributable costs		72
		292

The goodwill that arose on the combination can be attributed to ongoing formal customer relationships and the synergies expected to be derived from the combination of Edensure Limited which cannot be recognised as an intangible asset under IAS 38 "Intangible Assets".

From 24 October 2008 to 31 March 2009, the acquisition contributed £123,963 to revenue, £(162,518) to operating profit and £(162,518) to profit after tax.

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired is recognised as goodwill in the financial statements.

The outflow of cash and cash equivalents on the acquisition of Edensure Limited is calculated as follows:

	£000
Cash consideration	220
Cash acquired	(34)
	186

The results of operations as if the above acquisitions had been made at the beginning of the year are as follows:

	£000
Revenue	155
Loss for the year	(317)

27. Business combinations (continued)

Acquisition of Vianet Limited

On 11 December 2008, the Group acquired 100% of the issued share capital of Vianet Limited, a company based in the UK. The purchase price was settled for £450,000 in cash. Details of the acquisition are set out below:

	Carrying values pre acquisition £000	Fair value £000
Intangible assets		
– Customer contracts	–	538
Property, plant and equipment	17	17
Inventories	54	54
Trade and other receivables	304	304
Trade and other payables	(580)	(580)
Taxation		
– Deferred	–	(150)
Cash and cash equivalents	180	180
Net assets acquired	(25)	363
Goodwill		365
Consideration		728
Consideration satisfied by:		
– Cash		450
– Directly attributable costs		278
		728

The goodwill that arose on the combination is attributable to ongoing un-contracted customer relationships, synergies expected to be derived from the combination and the value of the workforce of Vianet Limited which cannot be recognised as an intangible asset under IAS 38 "Intangible Assets".

From 11 December 2008 to 31 March 2009, the acquisition contributed £1,265,372 to revenue, £(113,179) to operating profit and £(113,179) to profit after tax.

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired is recognised as goodwill in the financial statements.

The outflow of cash and cash equivalents on the acquisition of Vianet Limited is calculated as follows:

	£000
Cash consideration	450
Cash acquired	(180)
	270

The results of operations as if the above acquisitions had been made at the beginning of the year are as follows:

	£000
Revenue	2,536
Loss for the year	(1,905)

28. Related party transactions

IAS 24 (Related party transactions) requires the disclosure of the details of material transactions between reporting entities and related parties. The Group has taken advantage of the exemption under IAS 24 not to disclose transactions between subsidiaries, which are eliminated on consolidation.

29. Events after the balance sheet date

There have been no post balance sheet events.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BRULINES GROUP PLC

We have audited the parent company financial statements of Brulines Group plc for the year ended 31 March 2009 which comprise the balance sheet and notes 1 to 11. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of Brulines Group plc for the year ended 31 March 2009.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the parent company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, the Chief Executive Officer's Statement and the Financial Review that is cross referred from the Review of Business and Future Developments section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Chairman's Statement, the Chief Executive Officer's Statement, the Financial Review, Corporate Governance Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009;

- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the directors' report is consistent with the financial statements.

Grant Thornton UK LLP.

Grant Thornton UK LLP

Registered Auditor
Chartered Accountants
Leeds, England

9 June 2009

COMPANY BALANCE SHEET

at 31 March 2009

	Note	2009 £000	2008 £000
Fixed assets			
Investments in subsidiaries	2	18,414	17,360
		18,414	17,360
Current assets			
Debtors	3	–	34
Cash at bank and in hand		4,551	248
		4,551	282
Creditors: amounts falling due within one year	4	(6,137)	(6,914)
		(6,137)	(6,914)
Net current liabilities		(1,586)	(6,632)
Total assets less current liabilities		16,828	10,728
Net assets		16,828	10,728
Capital and reserves			
Ordinary share capital	5	2,813	2,434
Share premium	6	11,126	7,024
Share based payment reserve	6	176	104
Own shares	6	(864)	(877)
Merger reserve	6	310	310
Retained earnings	6	3,267	1,733
Total equity	6	16,828	10,728

The balance sheet was approved by the Board on 9 June 2009 and signed on its behalf by:

J W Dickson
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE COMPANY BALANCE SHEET

1. Principal accounting policies

1.1 Basis of preparation

This balance sheet has been prepared under the historic cost convention and in accordance with UK Generally Accepted Accounting Practice.

The principal accounting policies of the company are set out below and have remained unchanged from the previous year.

1.2 Taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS19 deferred tax is not provided on timing differences arising from gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

1.3 Investments

Investments in subsidiary undertakings are stated at cost net of impairments.

1.4 Employee share option schemes

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "share based payment" reserve.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

2. Investments

Company	2009 £000	2008 £000
Cost and net book amount:		
Shares in subsidiaries		
At 1 April	17,360	12,603
Acquisition (see note 27 of Group accounts)	1,054	4,757
At 31 March	18,414	17,360

The company owns the whole of the issued ordinary share capital of the following operating subsidiaries:

Subsidiary	Shareholding	Country of incorporation	Principal activity
Brulines Limited	100%	UK	Dispense monitoring
Machine Insite Limited	100%	UK	Machine monitoring
Coin Metrics Limited	83% *	UK	Machine monitoring
Brulines Trustee Company Limited	100%	UK	Employee Trust
Edis Limited	100%	UK	Dormant
Bruline Limited	100%	UK	Dormant
Nucleus Data Limited	100%	UK	Dormant
Nucleus Data Holdings Limited	100%	UK	Dormant
Edensure Limited	100%	UK	e-Forecourt Solutions
Vianet Limited	100%	UK	Vending monitoring

* During the period, Brulines Group plc increased their holding in Coin Metrics Limited from 66% to 83%, with a put and call option over the remaining 17%.

3. Debtors

	2009 £000	2008 £000
Prepayments and accrued income	–	17
Other taxation	–	17
	–	34

4. Creditors: amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to subsidiaries	5,873	6,824
Other payables	202	50
Accruals and deferred income	62	40
	6,137	6,914

5. Issued share capital

	2009 £000	2008 £000
Authorised		
40,000,000 ordinary shares of 10p each (2008: 40,000,000)	4,000	4,000
Issued and fully paid		
Ordinary shares of 10p each: 28,128,164 (2008: 24,341,523)	2,813	2,434

Allotments during the year

On 29 December 2008, 3,786,641 10p ordinary shares were issued in with a fair value of £1.25 each giving an aggregate consideration of £4,733,301.25. The shares had a nominal value of £378,664.10. The resulting premium of £4,354,637.15 has been credited to the share premium reserve.

Costs relating to the placing totalling £253,288.39 have been debited to the share premium reserve.

During the year 172,500 10p ordinary shares were granted under the employee share option scheme. The option price was £1.515p.

During the year 20,000 10p ordinary shares were granted under the employee share option scheme. The option price was £1.325p.

Since the end of the financial year no shares have been issued under the share option scheme.

6. Reserves

	Share capital £000	Share premium £000	Own shares £000	Share based payment reserve £000	Merger reserve £'000	Retained earnings £000	Total £000
At 1 April 2007	2,408	6,966	(151)	32	–	913	10,168
Profit for the year	–	–	–	–	–	1,875	1,875
Share capital issued	26	58	–	–	310	–	394
Share based payment	–	–	–	72	–	–	72
Own shares	–	–	(726)	–	–	–	(726)
Dividends	–	–	–	–	–	(1,055)	(1,055)
At 31 March 2008	2,434	7,024	(877)	104	310	1,733	10,728
Profit for the year	–	–	–	–	–	2,737	2,737
Share capital issued	379	4,102	–	–	–	–	4,481
Share based payment	–	–	–	72	–	–	72
Own shares	–	–	13	–	–	–	13
Dividends	–	–	–	–	–	(1,203)	(1,203)
At 31 March 2009	2,813	11,126	(864)	176	310	3,267	16,828

7. Dividends

	2009 £000	2008 £000
Final dividend for the year ended 31 March 2008 of 3.55p (year ended 31 March 2007: 3.0p)	837	717
Interim dividend paid in respect of the year of 1.55p (2008: 1.45p)	366	338
Amounts recognised as distributions to equity holders	1,203	1,055

In addition, the directors are proposing a final dividend in respect of the year ended 31 March 2009 of 3.80p per share. If approved by shareholders, it will be paid on 24 July 2009 to shareholders who are on the register of members on 19 June 2009.

8. Employees

The company has no employees or employee costs in this and the preceding year.

9. Directors

No director costs were incurred in the company in this or the preceding year. See Group accounts, note 22 for details of directors' emoluments.

10. Share-based payments

The company disclosures required under UK GAAP are identical to those required under IFRS. See Group accounts, note 26 for details.

11. Parent Company Profit and Loss Account

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The parent company's profit for the financial year was £2,737,000 (2008: £1,875,000).

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